

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

: POSTAL RATE AND FEE CHANGES, 2000 :

DOCKET NO. R2000-1

INTERROGATORIES FROM UNITED PARCEL SERVICE
TO MAGAZINE PUBLISHERS ASSOCIATION
WITNESS MICHAEL A. NELSON
(UPS/MPA-T3-10 through 12)
(June 19, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories directed to Magazine Publishers Association witness Michael E. Nelson: UPS/MPA-T3-10 through 12.

Respectfully submitted,



John E. McKeever
William J. Pinamont
Phillip E. Wilson, Jr.
Attorneys for United Parcel Service

Piper Marbury Rudnick & Wolfe LLP
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103-2762
(215) 656-3310
(215) 656-3301 (FAX)

and

1200 Nineteenth Street, NW
Washington, DC 20036-2430
(202) 861-3900

Of Counsel.

INTERROGATORIES OF UNITED PARCEL SERVICE TO
MAGAZINE PUBLISHERS ASSOCIATION WITNESS NELSON

UPS/MPA-T3-10. Refer to page 6 of your testimony, where you state, “[t]he highway transportation models overstate variability because they fail to reflect the propensity of the Postal Service to adjust capacity through changes in vehicle size rather than changes in trip frequency. . . .”

(a) Confirm that changes in highway vehicle capacity are not reflected in the cubic foot miles (CFMs) of a highway contract. If you do not confirm, explain.

(b) Confirm that changes in CFMs only reflect changes in trip frequency. If you do not confirm, explain.

UPS/MPA-T3-11. Refer to the testimony of Postal Service witness Bradley, pages 31-33, where he presents variability estimates for 17 different accounts (Intra-P&DC Box, Intra-P&DC City, Intra-P&DC Van, Intra-P&DC Trailer, Intra-CSD Box, Intra-CSD City, Intra-CSD Van, Intra-CSD Trailer, Inter-P&DC Van, Inter-P&DC Trailer, Inter-Cluster Van, Inter-Cluster Trailer, Inter-Area Van, Inter-Area Trailer, Intra-BMC, Inter-BMC, and Plant Load).

(a) Confirm that you estimate variabilities for the exact same 17 accounts. If not confirmed, explain.

(b) For every account or other cost category for which you estimate a variability, (i) provide accrued cost, your estimated volume variability, and your estimate of volume variable costs, and (ii) the page numbers in the Library References for the inputs to Table 1 on page 20 of your testimony.

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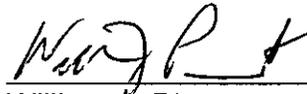
- (c) Provide a detailed description of the calculations used to generate Table 1.

UPS/MPA-T3-12. Refer to page 8 of your testimony, where you state, “[t]his work consisted of the estimation of two sets of models. In the first set, the ‘per run’ data are further divided by the route length, so the model analyzes cost per mile as a function of cubic feet (and other variables). In the second set, cost per run is analyzed as a function of CFM per run.”

- (a) Which model did you choose as the basis for your results in Table 1?
- (b) How did you decide which model to use as the basis of your results in Table 1?
- (c) What statistical tests did you perform in order to compare the two different models? Please provide the results of any statistical tests that you performed.
- (d) Did you consider any specifications in addition to the two described in your testimony? If so, describe them in detail.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.



William J. Pinamont
Attorney for United Parcel Service

Dated: June 19, 2000
Philadelphia, Pa.

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